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Message Text

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ORIGIN ARA-10

INFO OCT-01 ISO-00 EB-07 L-03 /021 R

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TO AMEMBASSY BRASILIA PRIORITY
INFO AMCONSUL RIO DE JANEIRO
AMCONSUL SAO PAULO

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E.O. 11652: N/A

TAGS: EMIN, BR

SUBJECT: LEGAL ACTION AGAINST TELEDYNE RESOURCES CORP.

REF: BRASILIA 4426

1. ON TWO OCCASIONS DEPARTMENT OFFICERS HAVE CONTACTED SENIOR EXECUTIVE (VICE PRESIDENT SPENCER LETTS) AT TELEDYNE IN LOS ANGELES BY TELEPHONE TO REQUEST READING ON THAT FIRM'S SIDE OF ON-GOING DISPUTE WITH CAMPOS, CONVEY OUR CONCERN OVER POSSIBLE ADVERSE EFFECTS THE CASE COULD HAVE ON TELEDYNE'S POSSIBLE FUTURE OPERATIONS IN BRAZIL AND URGE THEM TO ATTEMPT EARLY SETTLEMENT OF THE CASE.

2. FIRST CONTACT WAS MADE IN LATE MAY, AT WHICH TIME LETTS HAD NO INFORMATION ON THE CASE BUT UNDERTOOK TO LOOK INTO IT AND GET BACK TO US. HAVING RECEIVED NO WORD FROM HIM, DEPARTMENT RAISED QUESTION AGAIN JULY 12. LETTS SAID HE HAD BEEN IN TOUCH WITH TELEDYNE'S LAWYER IN BRAZIL AND THAT HIS FIRM HAD MADE CAMPOS AN OFFER TO SETTLE. CAMPOS NOT ONLY REFUSED THE OFFER, BUT HE INCREASED HIS
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ORIGINAL DEMANDS. TELEDYNE HAD THE IMPRESSION "CAMPOS

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INTENDED TO TAKE ALL THE ASSETS, LEAVING TELEDYNE WHAT'S LEFT."

3. LETTS ADDED THAT TELEDYNE HAD SENT FUNDS TO COVER A PORTION OF THE COST OF CLOSING DOWN OPERATIONS (INCLUDING LABOR OBLIGATIONS) BUT THAT CAMPOS HAD USED THEM INSTEAD FOR OPERATING EXPENSES. LETTS UNDERSTOOD, HOWEVER, THAT CAMPOS HAS NOW DECIDED TO CLOSE THE MINE.

4. WHEN DEPARTMENT OFFICER AGAIN SUGGESTED THAT IT MIGHT WELL BE IN TELEDYNE'S OWN LONG TERM INTERESTS TO BE AS FORTHCOMING AS POSSIBLE IN SEEKING A RESOLUTION OF THE DISPUT,LETTS COMMENTED THAT IN THIS, AS IN ALL JOINT VENTURES, THERE IS ALWAYS A RISK AND TELEDYNE'S LOSSES WERE ALREADY LARGER THAN THOSE OF CAMPOS. LETTS WAS AWARE THAT CAMPOS HAD TAKEN HIS CASE TO THE PRESS BUT HE SAID TELEDYNE DID NOT INTEND TO RESPOND PUBLICLY TO CAMPOS' ALLEGATIONS.

5. LETTS CLAIMED TELEDYNE STILL HOPED FOR A "RESPONSI-BLE" SETTLEMENT OF THE DISPUTE. HE LEFT THE GENERAL IMPRESSION, HOWEVER, THAT TELEDYNE IS NOT SERIOUSLY CONCERNED OVER THE IMPLICATIONS THAT A DRAWN-OUT, PUBLICIZED DISPUTE WITH CAMPOS COULD HAVE FOR HIS FIRM'S FUTURE IN BRAZIL. KISSINGER

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